




# Quick Guide to Completing Form 6487

## Member Pension Spiking Exemption

### STEP 1

Part 1 of the form provides information on the last participating employer, the member whose account is affected, and the member's final compensation with pension spiking details. It is important you review the final compensation information for accuracy, and once complete proceed to [STEP 2](#).



**Kentucky Retirement Systems**  
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FORM 6487  
Revised 2/2018

**Part 1 - Member Pension Spiking Exemptions**

**Employer Information**

Employer Name: City of Somewhere      Employer Code: Z999

**Member Information**

Member Name: John Doe      Member ID: 111111

The retirement calculation for the member noted above has indicated that the employee experienced annual increases greater than ten percent (10%) over the employee's last five (5) fiscal years of employment. Per KRS 61.598(2), the member's final compensation "that exceeds ten percent (10%) more than the employee's creditable compensation from the immediately preceding fiscal year shall not be included in the creditable compensation used to calculate the retiring employee's monthly retirement allowance." The chart below displays the member's adjusted final compensation based on the current calculation.

Fiscal Year	Actual Comp	Comp Less Exclusions	Months	Employer Code	Increase	Spiking	Revised Comp
7/1/2017 - 6/30/2018	\$43,821.76	\$42,003.28	10		15.20%	SPIKING	\$41,924.40
	\$42,003.28			Z999			
	\$1,818.48			TRAILWAGES			
7/1/2016 - 6/30/2017	\$43,751.91	\$43,751.91	12	Z999	0.58%	NO SPIKE	N/A
7/1/2015 - 6/30/2016	\$43,498.02	\$43,498.02	12	Z999	1.10%	NO SPIKE	N/A
7/1/2014 - 6/30/2015	\$43,024.30	\$43,024.30	12	Z999	-1.09%	NO SPIKE	N/A
7/1/2013 - 6/30/2014	\$43,496.30	\$43,496.30	12	Z999	2.67%	NO SPIKE	N/A
7/1/2012 - 6/30/2013	\$42,363.84	\$42,363.84	12	Z999	0.00%	NO SPIKE	N/A

If the employer reported a bonus or an alternate sick leave payment, it is displayed in the above grid in the manner in which it has been applied to the final compensation in accordance with KRS 16.505(8); 61.510(13); 78.510(13) and 105 KAR 1:160.

KRS 61.598 provides for specific exemptions of reportable salary that are excludable when calculating the increase in creditable compensation. If none of the monies reported are related to one of the listed exemptions, please check this box and move to the Certification section at the end of Part 3:

☐ No Exemptions: The increases in creditable compensation are not attributable to an allowed exemption for this member.

☐ Exemptions: The increases in creditable compensation is attributable to an exemption and an error was found in the reported information. An adjustment to reported salary is being remitted through the monthly report.



## Employer Reporting, Compliance & Education

### STEP 2

Every member must have the bottom section of Part 1 completed. There are the three scenarios that affect how you may complete this information:

- ☐ **No Exemptions:** The increases in creditable compensation are not attributable to an allowed exemption for this member.
- ☐ **Exemptions:** The increases in creditable compensation is attributable to an exemption and an error was found in the reported information. An adjustment to reported salary is being remitted through the monthly report.

1. Mark the NO Exemptions check box if pension spiking is not due to a reporting issue or statutory approved exemption, then proceed to [STEP 5](#).
2. Mark the Exemption checkbox if pension spiking is due to improper reporting of Leave without Pay, Alternate Sick Leave, or Lump Sum Compensatory Pay at Termination records. Make a notation below the exemptions box indicator that pension spiking is due to a reporting issue that needs correction. Then proceed to [STEP 5](#) of this quick reference guide.

The Reporting Official will need to correct the reporting issue in Employer Self Service using the Adjustments module or call the Employer Hotline at 1-888-696-8810 for assistance.

3. Mark the Exemption checkbox if pension spiking is due to one of the three statutory approved exemptions, and proceed to [STEP 3](#) of this quick reference guide.

### STEP 3

On Part 2 of the form, you will enter the total amount in the column with the correct statutory approved exemption reason. Please make sure the exemption amount is entered in the fiscal year it was paid.

Part 2 - Exemption Amounts			
Employer Information			
Employer Name:	City of Somewhere	Employer Code:	Z999
Member Information			
Member Name:	John Doe	Member ID:	111111
Member Pension Spiking Exemption Amounts			
Fiscal Year	Bona Fide Promotion or Career Advancement*	Increases in creditable compensation directly attributable to overtime due to a state of emergency.	Increases in creditable compensation directly attributable to overtime hours worked due to a state or federal grant.
7/1/2017 - 6/30/2018			
7/1/2016 - 6/30/2017			
7/1/2015 - 6/30/2016			
7/1/2014 - 6/30/2015			
7/1/2013 - 6/30/2014			
7/1/2012 - 6/30/2013			

\*If any salary amount is added in the Bona fide promotion or career advancement exemption row, Part 3 of the Form 6487 is required to be completed.



## Employer Reporting, Compliance & Education

There are three options for completing Step 3:

- If the exemption is due to a Bona Fide Promotion or Career Advancement enter the difference in salary paid after the promotion or career advancement in the fiscal year, then proceed to [STEP 4](#).
  - *Example: If the employee's salary changed from \$2500/month to \$4000/month and the promotion or advancement occurred April 1, then the difference in salary from April 1 to June 30 is \$1500/month for 3 months. The total exemption amount paid in the fiscal year would be \$4500.*
- If the exemption is overtime due to a state of emergency – enter the total overtime amount in the fiscal year it was paid for the emergency event. If the emergency overlaps multiple fiscal years, you will need to enter the correct amount paid for each fiscal year. Once this information is entered, proceed to [STEP 5](#).
  - *NOTE – This exemption applies to both state and federally declared emergencies. A copy of the Declaration of Emergency from the Governor of the Commonwealth of Kentucky or a Declaration of Emergency from the President of the United States must be included.*
- If the exemption is overtime due to a state or federal grant - enter the total overtime amount in the fiscal year it was paid under the grant provisions. If the grant overlaps multiple fiscal years, you will need to enter the correct amount paid for each fiscal year. Once this information is entered, proceed to [STEP 5](#).
  - *NOTE – If the exemption is due to a state or federal grant, you must include a copy of the grant with the completed Form 6487. In order to expedite the review, please underline or highlight the specific language in the grant requiring overtime.*

### STEP 4

In Part 3 of the form, complete all sections if the exemption is due to a Bona Fide Promotion or Career Advancement. Do not complete this part of the form if the pension spike is due to any other exemption or reason.



## Employer Reporting, Compliance & Education

### Part 3 - Bona Fide Promotion or Career Advancement Exemption

#### Employee Information

Please Check One: ☐ New Hire/Rehire ☐ Current Employee Member ID or SSN:

Name: Change/Hire Date:

**Complete the following section based on the employee's job description prior to promotion or career advancement (if the employee was a new hire/rehire, provide information about the employee's prior job).**

Employee's job title prior to promotion or career advancement:

Describe the employee's job duties prior to promotion or career advancement. Please attach a job description if available

**Complete the following section based on the employee's job description after promotion or career advancement.**

Employee's job title after promotion or career advancement:

Describe the employee's job duties prior to promotion or career advancement. Please attach a job description if available.

**If applicable, attach an organizational chart reflecting the employee's position both prior to and after promotion or career advancement. Provide any additional information that you would like to be considered by Kentucky Retirement Systems regarding the employee's promotion or career advancement. You may attach additional documentation if necessary.**

In the Employee Information section, check a box to indicate the employee's status at the time of the promotion or career advancement. Then provide the employee's name and SSN or Member ID. In the Change/Hire date field, provide the date of the promotion or career advancement.

- *A copy of the personnel form with the date of the promotion/advancement must be submitted with the Form 6487.*

The second section requests information on the employee's job before the promotion or career advancement. Please provide the title along with a job description. If you cannot fit the job description in this space, please write *see attached* and include a copy of the job description with the completed form

The third section requests information on the employee's job after the promotion or career advancement. If you cannot fit the job description in this space, please write *see attached* and include a copy of the job description with the completed form. Once all sections are completed, proceed to [STEP 5](#).

### STEP 5

The final step on this form is to certify the information you have provided is complete and accurate. KRS will accept signatures from either the Agency Head or the primary Reporting Official on this form.

#### Certification

I hereby certify that if I have full knowledge of the penalty in KRS 532.100 related to falsification of records and the information provided is true and accurate.

Agency Head Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Agency Head Printed Name: \_\_\_\_\_



## **Employer Reporting, Compliance & Education**

### **QUESTIONS?**

If you have questions on how to complete the Form 6487, please call the Employer Hotline at 1-888-696-8810.